

Message Text

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ACTION ARA-06

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FM AMEMBASSY LIMA

TO SECSTATE WASHDC IMMEDIATE 7495

C O N F I D E N T I A L LIMA 9174

LIMDIS

FOR ARA - MR. FISHLOW

E.O. 11652: GDS

TAGS: EINV, EIND, PFOR, PE

SUBJECT: MARCONA - COMMERCE MINISTRY OFFICIAL'S EVALUATION
OF COMPANY'S WORTH - THE WRITE-OFF ISSUE

REF: LIMA 8799

1. JUAN MUNAR, CHIEF, OFFICE OF MINERAL PRODUCTION, MINISTRY OF COMMERCE, TOLD EMBOFF ON NOVEMBER 4 THAT IN HIS PERSONAL OPINION THE TOTAL WORTH OF MARCONA'S ASSETS DOES NOT EXCEED \$30 MILLION. MUNAR EXPLAINED THAT HE HAD JUST READ THE MOST RECENT QUARTERLY REPORT OF CYPRUS MINES WHICH HAD ANNOUNCED THAT IT WAS TAKING A \$16 MILLION WRITE-OFF FOR PERUVIAN LOSSES. SINCE CYPRUS OWNS 46 PERCENT OF MARCONA, MUNAR SAID HE MULTIPLIED THE WRITE-OFF FIGURE BY APPROXIMATELY 50 PERCENT TO REACH HIS \$30 MILLION FIGURE.

2. MUNAR SAID THAT HE HAS NOT BEEN DIRECTLY INVOLVED IN THE PREPARATION OF THE GOP COMMISSION'S WORK (AND, IN FACT, HAD REJECTED AN OFFER TO BECOME HEAD OF THE MULTI-SECTORIAL COMMISSION EVALUATING MARCONA'S ASSETS). HOWEVER, HE REITERATED THAT, IN HIS PERSONAL OPINION,
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IT WOULD BE DIFFICULT FOR THE GOP TO GO MUCH ABOVE THE

\$30 MILLION FIGURE.

3. COMMENT: MUNAR IS A TRAINED MINING ENGINEER WHO IS RESPONSIBLE FOR COORDINATING ALL OF PERU'S MINERAL SALES THROUGH THE MINISTRY OF COMMERCE AND ITS DECENTRALIZED SALES AGENCY, MINEROPERU COMMERCIAL. MUNAR'S VIEWS ARE STRONGLY NATIONALISTIC, AND HIS POSITION REFLECTS THINKING OF MORE RADICAL TECHNICIANS WHO OPPOSE ON PRINCIPLE THE PRESENCE OF MULTINATIONAL CORPORATIONS IN PERU. ALTHOUGH IT IS NOT CLEAR FROM WHAT MUNAR SAID, WE PRESUME THAT HE MAY HAVE OBTAINED HIS INFORMATION FROM THE MONDAY, NOVEMBER 3, "WALL STREET JOURNAL" WHICH RAN A STORY NOTING THAT CYPRUS MINES TOOK A \$14 MILLION WRITE-OFF FOR ITS EXPROPRIATED PROPERTIES IN PERU PLUS \$2 MILLION FOR ASSOCIATED SHIPPING LOSSES. DEPARTMENT WILL ALSO RECALL THAT FURTH EXPLAINED TO US (REFTEL, PARA. 11) UTAH'S EARLIER WRITE-OFF FOR MARCONA LOSSES. WHILE THE RECORD DOES NOT REVEAL THAT THE GOP HAS EVER MENTIONED THIS ITEM TO US DIRECTLY, IT HAS OBVIOUSLY NOT ESCAPED THEIR ATTENTION. THUS, WE THINK IT ADVISABLE THAT THE USG TEAM BE PREPARED TO DISCUSS WITH THE PERUVIANS NEXT WEEK BOTH THE UTAH AND CYPRUS WRITE-OFFS IF THE PERUVIANS RAISE THIS ISSUE.
DEAN

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